

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION OF
CUSTER TELEPHONE CO-OP, INC. FOR AN
INVESTMENT TAX CREDIT FOR
INSTALLING QUALIFIED BROADBAND
EQUIPMENT.**

CASE NO. CUS-T-04-1

ORDER NO. 29521

On May 11, 2004, Custer Telephone Co-Op, Inc. filed an Application requesting that the Commission find the Company eligible to receive an Idaho investment tax credit. Pursuant to *Idaho Code* § 63-3029I, an Idaho taxpayer may receive a tax credit for installing “qualified broadband equipment” in Idaho. To be eligible for the tax credit, the taxpayer must obtain from the Commission an Order confirming that the equipment has been installed and that it meets the definition of qualified broadband equipment set out at *Idaho Code* § 63-3029I(3)(b). Briefly, qualified broadband equipment must be capable of transmitting signals at a rate of at least 200,000 bits per second (bps) to a subscriber and at least 125,000 bps from a subscriber. In the case of a telecommunications service provider, the qualified broadband equipment must also “be necessary to the provision of broadband service and an integral part of a broadband network.” *Idaho Code* § 63-3029I(3)(b)(i). In this Order, we find that Custer Telephone has installed qualified broadband equipment.

THE APPLICATION

Custer Telephone states that during calendar year 2003, it installed various components in its wireline broadband network for the provision of high-speed Internet access to customers in its Idaho service area. Such components include fiber optic and copper cabling, a Fujitsu-brand optical transport platform, digital line cards, cabinets, power supply, software and backup batteries. Custer Telephone also included in its Application such items as supporting engineering and overhead costs associated with its broadband projects. The Company maintains that it began offering high-speed Internet service in 2001 at transmission rates between 128 kilobits per second (kbps) up to 1.5 megabits per second (Mbps). Custer Telephone states that its broadband investment for 2003 was approximately \$3.7 million.

STAFF REVIEW

To implement its responsibilities under *Idaho Code* § 63-3029I, the Commission issued Procedural Order No. 28784 in July 2001. This Order identifies information that must be included in an Application for a broadband credit. Once the information has been filed, the Commission Staff reviews the Application and submits a recommendation to the Commission.

Staff has reviewed the list of broadband equipment installed by Custer Telephone. Staff believes that the equipment is “necessary for the provision of broadband services and is an integral part of a broadband network.” Consequently, Staff recommends that the Commission issue an Order approving Custer Telephone’s Application.

FINDINGS

Having reviewed the Application and Staff’s recommendation, we find that the Application for a qualifying broadband equipment Order should be granted. Custer Telephone has demonstrated that it installed qualifying broadband equipment identified in its Application during 2003 in conformance with *Idaho Code* § 63-3029I. We further find that as configured, the installed equipment is an integral part of a broadband network necessary to deliver broadband services to Idaho customers. *Idaho Code* §§ 63-3029I(3)(b)(i, iv-vi). It is therefore appropriate for the Commission to issue this Order confirming that Custer Telephone has installed qualified broadband equipment as a precondition to seeking an Idaho broadband tax credit. The Commission makes no findings regarding the costs of the installed broadband equipment or whether it is appropriate to include engineering and overhead costs as part of its tax credit request.

ORDER

IT IS HEREBY ORDERED that Custer Telephone’s Application for an Order certifying that it has installed qualifying broadband equipment is granted.

IT IS FURTHER ORDERED that a copy of this Order and a copy of the Application be served upon the Idaho State Tax Commission.

THIS IS A FINAL ORDER. Any person interested in this Order (or in issues finally decided by this Order) or in interlocutory Orders previously issued in this Case No. CUS-T-04-1 may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order or in interlocutory Orders previously issued in this Case No. CUS-T-04-1. Within seven (7) days after any person has petitioned for

reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* §§ 61-626 and 62-619.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 9th day of June 2004.



PAUL KJELLANDER, PRESIDENT

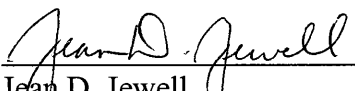


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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